

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

FINJAN, INC., a Delaware Corporation,
Plaintiff,
vs.
FIREEYE, INC., a Delaware Corporation,
Defendant.

Case No: C 13-03133 SBA

ORDER DENYING RENEWED MOTION TO STAY AND REOPENING THE CASE

Dkt. 81

FIREEYE, INC., a Delaware Corporation,
Defendant.

Plaintiff Finjan, Inc. (“Finjan”) brings the instant patent infringement action against Defendant FireEye, Inc. (“FireEye”), alleging infringement of U.S. Patent Nos. 6,804,780 (“the ’780 patent”), 8,079,086 (“the ’086 patent”), 7,975,305 (“the ’305 patent”), 8,225,408 (“the ’408 patent”), 7,058,822 (“the ’822 patent”), 7,647,633 (“the ’633 patent”), and 6,154,844 (“the ’844 patent”) (collectively, the “patents-in-suit”). First Am. Compl. (“FAC”), Dkt. 11. The Court previously stayed the action pending reexamination with respect to certain of those patents.

The parties are presently before the Court on FireEye's renewed motion to stay the action pending ex parte reexamination and in partes review of several of the patents-in-suit. Dkt. 81. Having read and considered the papers filed in connection with this matter and being fully informed, the Court hereby DENIES Defendant's motion, for the reasons stated below. The Court, in its discretion, finds this matter suitable for resolution without oral argument. See Fed. R. Civ. P. 78(b); N.D. Cal. Civ. L.R. 7-1(b).

1 **I. BACKGROUND**

2 Finjan brought the instant infringement action on July 8, 2013, and filed the
 3 operative First Amended Complaint on August 16, 2013. Dkt. 1, 11. On September 3,
 4 2013, FireEye filed an Answer and Counterclaim, seeking a declaratory judgment of non-
 5 infringement and invalidity as to each of the patents-in-suit. Dkt. 13.

6 Shortly thereafter, FireEye filed requests with the Patent and Trademark Office
 7 (“PTO”) for ex parte reexamination of the ’086, ’822, and ’633 patents. On October 7,
 8 2013, FireEye moved to stay this action pending resolution of the reexamination
 9 proceedings. Dkt. 28. The Court granted FireEye’s motion and administratively closed the
 10 case. Order Granting Mot. to Stay Pending Reexam. (“Initial Stay Order”), Dkt. 72.

11 In September 2016, the parties filed a Joint Status Report notifying the Court that the
 12 aforementioned reexamination proceedings have concluded. Dkt. 79. However, in the
 13 same filing, FireEye notified the Court that four of the seven patents-in-suit are the subject
 14 of additional proceedings before the PTO. *Id.* Thereafter, FireEye filed the instant motion
 15 to continue the stay of this action pending resolution of the additional proceedings before
 16 the PTO. Dkt. 81. Finjan opposes the motion. Dkt. 82.

17 On March 22, 2017, Finjan also filed a Statement of Recent Decisions, notifying the
 18 Court of decisions in several of the additional PTO proceedings. Dkt. 85.

19 **II. LEGAL STANDARDS**

20 A district court has inherent power to stay judicial proceedings pending the review
 21 or reexamination of a patent by the PTO. Proctor & Gamble Co. v. Kraft Foods Glob., Inc.,
 22 549 F.3d 842, 849 (Fed. Cir. 2008) (citing Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1427
 23 (Fed. Cir. 1988)). In deciding whether to stay a patent infringement action pending the
 24 resolution of proceedings before the PTO, courts in this district consider: (1) whether
 25 discovery is complete and whether a trial date has been set; (2) whether a stay will simplify
 26 the issues in question and trial of the case; and (3) whether a stay would unduly prejudice
 27 or present a clear tactical disadvantage to the nonmoving party. PersonalWeb Techs., LLC
 28 v. Apple Inc., 69 F. Supp. 3d 1022, 1025 (N.D. Cal. 2014) (citations omitted).

1 **III. DISCUSSION**

2 **A. STAGE OF THE LITIGATION**

3 The first factor for the Court's consideration is the stage of the litigation. Courts
 4 may consider: (1) whether the parties have engaged in costly expert discovery and
 5 dispositive motion practice; (2) whether the court has issued its claim construction order;
 6 and (3) whether the court has set a trial date. Personal Web Techs., LLC, 69 F. Supp. 3d at
 7 1025-26 (citations omitted). A stay is particularly appropriate in cases that are still in the
 8 initial stages of litigation and where there has been little or no discovery. Telemac Corp. v.
 9 Teledigital, Inc., 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006).

10 Here, as the Court found when it granted FireEyes's initial motion to stay the action,
 11 "the stage of the litigation factor weighs in favor of a stay." Initial Stay Order at 2. This is
 12 unsurprising, given that the Court initially stayed the action "at such an early stage of the
 13 litigation." Id. The Court has set no pretrial or trial dates in this matter. Aside from
 14 Finjan's Disclosure of Asserted Claims and Infringement Contentions, the parties have not
 15 completed any discovery. Nor have the parties exchanged claim construction materials or
 16 filed any disposition motions. The instant litigation therefore remains in its initial stages.

17 Despite the foregoing, Finjan argues that this case is not in its early stages because it
 18 "has been pending more than three years during which time FireEye litigated the validity of
 19 the '633 and '822 Patents before the [Patent Trial and Appeal Board ('PTAB')]." Opp'n at
 20 5. The Court notes that "[the first] element of the stay analysis focuses on the stage of
 21 litigation proceedings, not the length of time that has passed since the filing of the case."
 22 Wireless Recognition Techs. v. A9.com Inc., 2012 WL 4005459, at *2 (N.D. Cal. 2012);
 23 accord LifeScan, Inc. v. Shasta Techs., LLC, 2013 WL 11449819, at *2 (N.D. Cal. 2013).
 24 Furthermore, although the PTO has already reexamined a subset of the patents-in-suit, the
 25 institution of additional reexamination and review proceedings means that the procedural
 26 posture of the action remains largely unchanged. Thus, the infancy of this action militates
 27 slightly in favor of a stay.

1 **B. SIMPLIFICATION OF ISSUES**

2 The second factor for the Court's consideration is simplification of the issues. "A
 3 stay is favored where 'the outcome of the reexamination would be likely to assist the court
 4 in determining patent validity and, if the claims were canceled in the reexamination, would
 5 eliminate the need to try the infringement issue.'" Personal Web Techs., LLC, 69 F. Supp.
 6 3d at 1027 (quoting Slip Track Sys. Inc. v. Metal Lite, Inc., 159 F.3d 1337, 1341 (Fed. Cir.
 7 1998)). "The standard is simplification of the district court case, not complete elimination
 8 of it by the PTAB." Finjan Inc. v. Symantec Corp., 139 F. Supp. 3d 1032, 1036 (N.D. Cal.
 9 2015) (citation omitted). Nevertheless, granting a stay is more likely to meaningfully
 10 simplify a case when a party has obtained PTO review of all or a substantial portion of the
 11 patents-in-suit. Id.; Robert Bosch Healthcare Sys., Inc. v. Cardiocom, LLC, 2014 WL
 12 3107447 at *5 (N.D. Cal. 2014).

13 The Court notes that the status of the proceedings before the PTO has shifted greatly
 14 since FireEye filed the instant motion. At the outset, the '408 patent was the subject of
 15 inter partes review (IPR2015-02001 and IPR2016-00157), as well as a separate petition for
 16 inter partes review (IPR2016-01441); the '633 patent was the subject of inter partes review
 17 (IPR2015-01974); the '086 patent was the subject of a petition for inter partes review
 18 (IPR2016-01444); and the '305 patent was the subject of ex parte reexamination
 19 (90/013,660). The PTO recently issued decisions concluding four of those five
 20 proceedings. Specifically, the PTO issued decisions confirming the validity of the '408
 21 patent (IPR2015-02001 and IPR 2016-00157), and denying the institution of further inter
 22 partes review of that patent (IPR2016-01441); confirming the validity of the '633 patent
 23 (IPR2015-01974); and denying the institution of inter partes review of the '086 patent.
 24 Statement of Recent Decision, ¶¶ 1-4, Ex. A-D.

25 Of the seven patents-in-suit, only one—the '305 patent—is currently the subject of
 26 proceedings before the PTO. As to the '305 patent, the PTO has already issued a Final
 27 Office Action invalidating four of its claims. Cunningham Decl., Ex. 8, Dkt. 81-1.
 28 Although the Final Office Action is subject to further appeal, the remaining claims of the

1 '305 patent (roughly 70% of the patent's claims overall) are unchallenged. Issues will
 2 therefore undoubtedly remain for the Court's determination upon completion of the
 3 reexamination process. Consequently, the second factor weighs heavily against a stay.
 4 See, e.g., Esco Corp. v. Berkeley Forge & Tool, Inc., 2009 WL 3078463, at *3 (N.D. Cal.
 5 2009) (denying a stay upon finding that issues likely would remain for the Court's
 6 determination because one of two patents at issue had survived reexamination by the PTO).

7 **C. UNDUE PREJUDICE**

8 The third factor for the Court's consideration examines whether a stay would unduly
 9 prejudice or present a clear tactical disadvantage to the non-moving party. Although
 10 FireEye and Finjan were not direct competitors when the initial stay took effect, Finjan
 11 asserts that the two companies are competitors presently. Finjan thus asserts prejudice in
 12 the form of direct market competition and impairment of its licensing efforts.

13 The Court does not dwell unnecessarily on this factor, given how strongly the
 14 second factor weighs against the continuation of the stay. In brief, assuming that Finjan
 15 and FireEye are direct competitors, "courts in this district require 'evidence to substantiate
 16 an argument that direct competition will result in prejudice to the non-moving party.'" Finjan, Inc., 139 F. Supp. 3d at 1037-38 (quoting Cypress Semiconductor Corp. v. GSI Tech., Inc., 2014 WL 5021100, at *5 (N.D. Cal. 2014) (collecting cases)). Finjan has failed
 19 to provide such evidence. Additionally, absent a showing that a litigant's competitive
 20 position would be prejudiced, courts have consistently found that a licensor does not risk
 21 irreparable harm from a stay because monetary damages provide adequate redress for
 22 infringement. Id. at 1038; PersonalWeb Techs., LLC, 69 F. Supp. 3d 1029. Hence, this
 23 factor does not tip the scales either in favor of, or against, a stay.

24 **IV. CONCLUSION**

25 Taking all three of the pertinent factors into consideration, the Court finds that a
 26 continued stay of the action is unwarranted. Accordingly,

27 **IT IS HEREBY ORDERED THAT:**

28 1. FireEye's renewed motion to stay is DENIED.

1 2. The Clerk shall REOPEN the case forthwith.

2 3. This Order terminates Docket 81.

3 IT IS SO ORDERED.

4 Dated: 3/28/17


SAUNDRA BROWN ARMSTRONG
Senior United States District Judge

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